

AN ARGUMENT ADDRESSED TO HIS EXCELLENCY,
THE GOVERNOR OF PENNSYLVANIA,

IN SUPPORT OF THE BILL TO INCORPORATE

THE PENNSYLVANIA FISCAL AGENCY.

TO HIS EXCELLENCY, WILLIAM F. PACKER, GOVERNOR OF
PENNSYLVANIA :—

THE delay in signing the bill to incorporate the Pennsylvania Fiscal Agency has created an apprehension that you may veto it. The undersigned, therefore, respectfully submits for your consideration an argument, showing that the agency contemplated by the bill is indispensable to the welfare and prosperity of this State.

The purpose of the Fiscal Agency will be to equalize the value of American with European credit, by counteracting as far as practicable the causes which now create the difference. What are those causes, and how did they originate?

EUROPEAN DEBT COMPARED WITH OURS.

An eminent French statistician says :—

“ The land and naval forces of European armies number 2,800,000 sound picked men, in the prime of their productiveness and strength; that the annual outlay to keep up the armies and the material of war is over four hundred millions of dollars, not including the value of lands or buildings occupied by fortifications, arsenals, foundries, schools, &c., moderately estimated at \$3,800,000,000, on which, at four per cent. interest, the yearly

expense is more than \$150,000,000. To this add the value of the labor which these men would productively perform, which amounts to more than \$156,000,000, and we have an annual war expense paid by European producers of nearly *eight hundred millions of dollars.*"

The public debt thus created is estimated at near *ten thousand millions of dollars*, the interest upon which is upwards of three hundred millions more. The debt of England is more than four thousand millions, and that of France nearly one thousand five hundred millions. The interest of this immense debt and maintenance of the immense armies and navies of Europe are a dead charge upon the industrial classes of Europe, and yet the credit of these European governments, bearing as it does this immense weight of debt and taxation, is worth more in the European market than our railroad bonds bearing twice the rate of interest! Why is this? Why are British consols, bearing an interest of but three per cent., worth more than our six per cents? Is it because the principal or interest is better secured, or more certain of payment? Is it because the money expended has been more profitably invested, or yields a greater income? Certainly not. The European debt represents the sums expended in wars, and in maintaining expensive governments; no part of such investments yields anything but taxes; whereas our investments represent the moneys expended in railways and other improvements, which have added from five to ten times their cost to the aggregate value of our property. Their debt may be wiped out with the sponge of revolution; when the people refuse to pay taxes, then their debt will be extinguished. Our debt represents property permanent in its character, and indispensable to our progress and prosperity. No revolution or change of government will supersede the use of our improvements; they are self-sustaining, and will increase in value as we increase in wealth and population. It is obvious, therefore, that the lesser comparative value of our securities in the European market is the result of a defective organization of our financial system, and not of a want of intrinsic merit as compared with the credit of European governments.

HOW MUCH GOLD AND SILVER IS WANTED, AND THEIR USES.

Political economists differ in their estimate of the relation between the quantity of the precious metals and the price of other commodities. Jacobs, one of the best authorities, says that the quantity of gold and silver, as compared with the value of the property of a prosperous community, is not more than one per cent.; and Mr. Calhoun, in his speech on the Bank of the United States, in 1834, estimated the sum requisite to maintain a stable value of our property at four per cent., whilst Samuel Lloyd Jones (Lord Overstone), an eminent English banker, in a letter published in 1840, says :—

“Fluctuations in the amount of the currency are seldom if ever the original and exciting cause of fluctuations in prices, and in the state of trade. The buoyant and sanguine character of the human mind, miscalculations as to the relative extent of supply and demand, fluctuations of the seasons, changes of taste and fashion, legislative enactments and political events, excitement or depression in the condition of other countries connected with us by active trading intercourse, an endless variety of casualties acting upon those sympathies, by which masses of men are often urged into a state of excitement or depression,—these all, or some of them, are generally the originally exciting causes of great variations in the state of trade.”

Many believe that ours is a hard money currency, and that a large specie basis is indispensable to the maintenance of the values of our credit and property. It will be seen as we progress, that although gold and silver only are a legal tender in payment of debts, and in that sense are the measure of values, the sum of the credits, as compared with the quantity of the precious metals used in the operations of trade, is so much greater, that were it not for the depreciation of credit which, under our system, is the consequence of a deficiency of the precious metals, the export of all our specie would affect but little the general prosperity. It follows, therefore, that the true question is, the protection of the value of our credit; and inasmuch as a certain sum only is requisite for this purpose, any accumulation beyond that sum is a surplus, and such surplus is therefore a loss. Such is the principle asserted by Adam Smith and Ricardo, which is controverted by no respectable

authority. It follows, therefore, that as all the gold and silver beyond the sum requisite to perform the function of maintaining the values of credit and of property is a surplus, the tendency of such surplus will be to move to some other country where it is wanted in the performance of its legitimate uses, to wit: maintaining the values of credit and of property.

It is also apparent that as the requisite sum is indispensable to the maintenance of the values of property, whatever accumulates in any one country more than the proper quantity of gold and silver, must diminish the quantity requisite to perform this duty in that other country from which such excess may be taken, and that, inasmuch as so much only as is required for this purpose, is wanted in any country, all regulations of commerce, which tend to increase the quantity of gold and silver in any one country beyond the sum required, by diminishing the quantity in any other below the sum necessary, injures that country from which the gold and silver is taken, without benefit to the country to which it is taken. And this we believe to be the cause, and the sole cause of the several monetary revulsions which have fallen, with such crushing weight, upon this country. If this be so, as we believe a careful investigation will demonstrate, then all that is requisite to prevent the frequent recurrence of panics and monetary revulsions, is such regulations of our foreign commerce as will prevent the undue export of the precious metals; and this, we believe, cannot be done without a wise regulation of our foreign exchanges.

It is the duty of Congress to *regulate* commerce with foreign nations, but it is the people of the States who carry on commerce, domestic and foreign; and it is the duty of the State Governments to aid, as far as practicable, in giving such machinery, as a wise experience indicates to be wanting, for the promotion or the protection of our interests.

USE OF CREDIT AS COMPARED WITH THE USE OF SPECIE.

Is credit an indispensable part of the machinery of domestic or foreign commerce? We have before us an essay on the probable fall in the value of gold, written by Michel Chevalier, and trans-

lated by Richard Cobden, late member of the British Parliament, from which we derive much valuable information. He says :—

“ It is well to give prominence to the fact of the nearly stationary character of the metallic currency in countries where the commercial machinery is well organized. Bank notes are, it is known, another species of coin, not metallic, it is true, but serving for a direct substitute to metallic money, which alone, however, constitutes money properly so called. It may be considered that they should expand or contract, in the circulation, nearly the same as specie, if it were alone in use, according to the necessities of commerce, inasmuch as the mass of these notes minister to the operations of commerce. This is particularly the case where, as with the notes of the Bank of England, they are invested with the attribute of a legal tender. We know that in England, by virtue of this privilege, the debtor can pay his creditor in these notes, without the latter having the power of refusal, with this reserve, however, that at the same time the Bank of England shall redeem them, on demand, in specie. Under these conditions, nearly all the reasons, drawn from the necessities of commerce, which call for an augmentation of the mass of gold coins in circulation, are also applicable to the bank note, and we are justified in arguing from the sovereign to the bank note, and reciprocally. Now we know, in the most exact manner, the variations which, in England, the quantity of paper money, necessary for her transactions, undergoes ; the official returns show, periodically, the amount of bank notes in circulation. A glance at these returns is sufficient to show that the sum total is almost stationary, in spite of the astonishing rapidity with which her commerce has increased. In ten years, from 1846 to 1856, for Great Britain alone, which is the great seat of the commerce of the United Kingdom, the circulation of bank notes has only increased £75,904, upon £30,925,123 (\$379,520, upon \$154,725,615), or an annual average of the insignificant sum of £7590 only, or in the proportion of 1 to 4000 ; a proportion, so to speak, imperceptible alongside of its population, and especially of that of its commerce, as is disclosed to us, among other signs, by the table of importations and exportations.

“ If we confine ourselves to England and Wales, which comprise the most populous, the most industrial, and the richest portion of the United Kingdom, it will be found that from 1846 to 1856, the average circulation instead of increasing had diminished, and that even for the very considerable sum of £1,592,500 (\$7,962,500).

THE OPERATION OF THE CLEARING HOUSE.

“ Here is another fact illustrating to what an extent the improvement in commercial institutions permits an increase in transactions, without requiring

an addition to the metallic currency, or even to the credit currency, that is to say, to bank notes. The Clearing House, of London, is, as its name indicates, an establishment to which every day the accounts of individuals, traders and others, come for liquidation, through the intermediation of their bankers. In 1839, their establishment had already attained such efficiency that for the annual liquidation of nine hundred and fifty millions sterling (\$4,750,000,000), or three millions (\$15,000,000) daily, it only required on an average each day £200,000 (\$1,000,000) in sovereigns, or rather in bank notes. At present, with a mass of transactions amounting to fifteen hundred millions (\$7,500,000,000) or two thousand millions sterling (10,000,000,000) annually, instead of a proportionate addition to the £200,000 required for the daily balances being necessary, not a shilling is wanted: the Clearing House now dispenses completely with the use of bank notes. All is settled by the transfer of sums from one account to another on the books of the Bank of England.

BILLS OF EXCHANGE BETTER THAN SPECIE.

“This is the place to point out the increase that has taken place in the employment of bills of exchange, and to compare it with the stationary state of the amount of bank notes in circulation. An estimate, somewhat conjectural, but still plausible, made by an English banker, Mr. Leatham, taking for his point of departure the produce of the stamps on commercial bills of exchange in the United Kingdom in 1839, amount to five hundred and twenty-eight millions sterling (\$2,640,000,000). The augmentation was continual; from 1832, it was at the rate of twenty-four millions (\$120,000,000). A more interesting fact, probably, is the amount of bills of exchange at one time in circulation; which it would seem, from the same calculations, amounted at a given rate in 1839 to one hundred and thirty-two millions sterling (\$660,000,000); according to this, the average annual increase since 1832 must have been more than eighteen millions sterling (\$90,000,000).

“The statistical accounts of Mr. William Newmarch, the able fellow-laborer of Mr. Thomas Tooke, upon the two last volumes of the ‘History of Prices,’ which appeared in 1857, give the total number of bills of exchange in circulation at a given moment in the United Kingdom, in 1856, at about one hundred and eighty millions sterling (\$900,000,000), or probably, as he adds, nearly two hundred millions (\$1,000,000,000) of bills of exchange against less than forty millions (\$200,000,000) of bank notes. What more need be said to prove that in a country where the commercial institutions are in an advanced state, the currency of every kind, whether metallic or paper, fills, in respect of quantity, but a secondary part.”

OF THE INCREASE OF GOLD, AND ITS EFFECT ON PRICES.

The purpose of M. Chevalier's book is to show that the necessary consequence of the discovery of new mines, and the increased quantity of gold, will be to reduce the price of gold, and consequently to increase the relative price of other commodities, and necessarily to diminish the value of all fixed incomes. He estimates the increased annual product of gold to be at the rate of \$175,000,000, giving in ten years the sum of \$1,750,000,000

He estimates that there will be used for currency in those States which are short of gold, in ten years,	\$250,000,000
For the sum to meet increase of population and commerce,	154,000,000
For addition to the currency of the world,	154,000,000
For wear and tear during ten years,	24,500,000
For hoarding and losses in ten years,	105,000,000
For use of jewelers and manufacture, &c.,	245,000,000
Giving us the aggregate consumption in ten years,	<u>\$892,500,000</u>
Leaving an excess of gold to act on prices,	<u>\$857,500,000</u>

He adds that exaggerating the quantity which will be used as currency and otherwise, and estimating the average annual product at \$35,000,000 less than he believes it will be :—

“The floating mass which would remain, and the weight of which would at the end of the decennial period operate to depress the value of gold would amount to \$857,500,000; that is to say, to nearly the half of all the gold that America has furnished from the first voyage of Columbus to the discovery of the mines of California in 1848, a period of three hundred and fifty-six years.”

Mr. Chevalier adds :—

“But it will be said, the world has absorbed the mass of nearly 1600 millions sterling of gold and silver which has been supplied by America since the time of Columbus. True enough, but on what condition? On condition that the value of silver fell, in the proportion of six to one, and that of gold, in the proportion of four to one.”

And argues that the inevitable consequence of the increased

supply of gold will be to diminish the price, as compared with other commodities, and that this will reduce the value of fixed incomes. He says :—

“Owing to the discovery of the new gold mines (if these mines should continue to be what they have been up to the present day), a time will come when a change will come over the British Treasury, as if some genii, an enemy of its creditors, had spirited away their dividend warrants and substituted others of only half their value. * * * * The unhappy fund-owners will obtain for their pound only half the enjoyment it now procures for them.”

It will thus be seen, that whilst the effect of the increased quantity of gold is to reduce its price in the ratio of fifty per cent. in ten years, the increased value of credit has been such, that in Great Britain, whilst the increased quantity of bank notes (which there is a legal tender, and equal to gold) was, in ten years, but \$379,500, the annual increase of bills of exchange, from 1832 to 1839, was more than \$90,000,000!!! Who, in the face of these facts, can continue the cry of “*Perish credit; perish commerce?*”

CREDIT USED IN NEW YORK AND IN THE UNITED STATES.

In addition to, and confirmatory of the quotations given above in reference to the use of credit as compared with the use of gold and silver, we quote from the late publication of Mr. Colwell, entitled “*The Ways and Means of Payment.*” He says :—

“The monthly payments of New York were little less than \$900,000,000, from January to August, 1857. During that time the average amount of specie in the banks was under \$12,000,000, the deposits averaged \$95,000,000, and the circulation \$8,000,000. It is apparent, then, that \$103,000,000 of bank notes and deposits effected, by aid of the books of the bank, payments of not less than \$30,000,000 daily, whilst the \$12,000,000 of specie in the banks scarcely moved at all.”

He says that—

“In the first eight months of 1857 the clearings or payments at the New York Clearing House fluctuated between \$655,000,000 and \$770,000,000 for each month. In addition to which large payments occurred not indicated at the Clearing House.”

The same writer says, that the returns for the Clearing House, for the year 1857, give over \$7,000,000,000 as the amount of the clearings; and estimates the aggregate payments for the whole country at \$90,000,000,000, of which a close analysis of the business of the banks show that at least \$85,000,000,000 are paid by set-off; a proportion which will not be different whether the real amount be more or less than the above.

APPLICATION OF THESE FACTS.

Do you ask how these facts, as here given, apply to the question now under your consideration, to wit: the propriety of your approval of the charter of "The Pennsylvania Fiscal Agency?" We reply, that the fact that the amount of credit used in Great Britain and in this country is so much greater than the amount of gold and silver, and the fact that the relative quantity of credit is increased, as compared with the quantity of the precious metals, show that the use of credit has become an indispensable part of the improved machinery of commerce; and that, it is demonstrated by Mr. Colwell in the able work from which we quote, that the payments, the commerce, and the business of this country, is carried on by the use of credit, and that it would be impossible to do it with gold and silver. Why, we ask, does the rate of interest rule higher in Mexico and California, and in all countries abounding in the precious metals? Is it not because gold and silver are used there as the means of payment, whilst in Europe, and even in the older States of the Union, payments and commercial transactions are made with credit? And we reply further, that the fact that the public debt of the governments of Europe, bearing an interest of but three per cent. bears a higher price in the European market than the bonds of our railway companies, although that debt represents an unproductive expenditure, and is a dead weight upon the people of Europe, whilst our bonds represent our railroads, which have added more than five times their cost to the value of our property, is conclusive to show that there is a grievous defect in the manner in which our securities are placed in the European market, which defect it is the purpose of the proposed Agency to cure. And we further reply, that the fact that Mr.

Chevalier, vouched for as he is by Mr. Cobden, one of the most eminent of English statesmen, asserts that the effect of the increased quantity of gold will be to reduce the value of the immense sums now invested in Europe in fixed incomes (the public debt alone being say \$10,000,000,000), is conclusive to show that if we can satisfy those whose funds are liable to this depreciation that by converting them into our railway shares, or into our mineral lands or manufactures, the value of such investments will be increased instead of diminished by the apprehended increased quantity of gold, it is rational to believe that the relative value of our credit will be increased as much as the value of theirs is diminished, and that, under such circumstances, the proposed Agency could do much to prevent an undue export of our specie by using our securities as a substitute for specie in regulating our foreign exchange. And we refer to the details of the charter to show that they are suited to the purpose indicated.

PURPOSE OF THE CHARTER STATED.

The exchangeable value of our securities (bonds or shares) depends upon the estimate which the purchaser may place upon them. The purpose of the charter is to organize a company of sufficient capital, to be composed partly of Europeans and partly of Americans. The principal office to be in Philadelphia, with suitable agencies in Europe. The capital to be invested in interest-paying funds. There are now, it is believed, at least five hundred millions of dollars of our railroad and State securities held in Europe; a part of this sum, say five millions of dollars, it is proposed to receive in payment for shares of the Agency. The European shareholders will be represented in the Board of Philadelphia Directors, and the company, having sufficient capital, can and will, through their own engineers and agents known to a committee of European shareholders (which committee will be charged with the business of the company in Europe), make all requisite examinations and report upon the value of bonds or shares placed with them for sale, including, of course, the value and character of the improvements, and of the lands and other property pledged for the payment of the principal and interest.

The company will also employ competent solicitors to examine into and report upon all questions properly referable to them, and to prepare the requisite title deeds. Copies of these reports properly authenticated will be placed in the European agencies, so that each European capitalist, wishing to transfer his funds to this country, can examine for himself, and obtain in Europe much more reliable information than he could now get if he were to send any special agent, however well-informed, to come here and examine and report upon the same securities.

THE AGENCY COMPARED WITH INSURANCE COMPANIES.

Do you ask how it is possible for a single agency, with the limited capital proposed by the charter, to work out so great a reformation? We reply, that we have before us a statement, saying that the aggregate capital of the Insurance companies located in the Cities of New York and Brooklyn, incorporated under the laws of the State of New York, and examined by the Commissioners, has only reached the sum of \$13,606,000, and yet these companies have at risk, on policies of insurance, \$498,151,744. And these companies are permitted to assume such risks because they have by experience ascertained the rate at which they can issue policies so that the accumulated premiums will be sufficient to cover the risks and pay dividends on the capital invested. Such companies have no fund but their premiums and capital to pay their losses. In the case of the Fiscal Agency, no risk will be assumed which is not sufficiently covered by a pledge of property which the Agency will hold as trustee. The effect of this will be to add to the value of the bonds held by the agency for sale, much more than the capital of the Agency. For it will be known that the Agency will not rely on their own capital, for the payment of these bonds, but upon the property and resources of the railroad companies by whom the bonds may have been issued; and the value of the Agency will consist in the fact, that as trustee they have carefully ascertained the value of the property pledged and held by them as trustees, and as trustees are responsible, not only that the property thus pledged is sufficient, but that they will be responsible for the preservation of the property and the proper application of its proceeds, which an ordinary agent cannot be.

USEFULNESS NOT LIMITED TO ITS OWN CAPITAL.

It will be seen that in this view of its functions the usefulness of the Agency will not be restricted to its own capital. It will make available the credit of other companies of much larger capital than its own, and, being the agent of the creditor as well as of the debtor, it will promote the interests of both, by bringing the parties together, and giving to capitalists, who have money to invest, the detailed information which will enable each, for himself, to determine the value of such securities as they have for sale. For want of such details the purchaser now acts with less confidence—the bonds are depreciated, and the loss falls on our improvement companies.

The value of our railroad bonds depends upon the value of the property pledged for the payment—the validity of the title, and the character and responsibility of the trustee charged with the property pledged and the application of the funds requisite to protect its value and to pay the principal and interest of the debt. The charter is intended to cover these contingencies. For want of such an Agency, the European creditor relies now on a report made by the officers of the indebted company, and such other imperfect information as can be had from other sources. Why do we require inspections of certain articles of produce, before they are put in the market? Is it not because many dealers are unable to estimate their value for want of such inspection? Who does not know that the value of cotton, and of wheat, and tobacco, depends upon the manner in which they are prepared for market, and the estimate of those who are competent to certify their quality. The operation of the Agency will be to separate the trash from the fibre—to winnow the chaff from the grain—and to cull the leaves from the stems, and having done this, put *their* brand upon the articles which pass their inspection, which will give them a current value in the market.

THE AGENCY WILL NOT GAMBLE IN STOCKS.

But we are told that some are apprehensive that the company

may become mere brokers, and monopolize the business of dealing in the purchase and sale of such securities and in exchange!! That such would not be the case is proved by the fact that all or mostly all of the insurance, and trust, and loan companies in the State are authorized to deal in such securities, and to purchase, and sell, and re-invest their funds. Why do they not become mere brokers? Why do we hear no complaints of their interference with the jobbers in stocks? Is it not obvious that it is because their legitimate business is to issue policies of assurance, and that their business depends upon the confidence which the public repose in their solvency, which confidence rests on a belief that their capital is well invested in interest-paying funds, and would be destroyed if they were suspected of gambling in stocks? The proposed company will be agents. They will be careful to so invest their own capital, as to obtain the confidence of others having bonds to sell or money to invest; because in that case each shareholder will receive the same dividends on capital so invested, as if their securities were held on their own account, and in addition to such dividends they will receive, pro rata, the profits made by the company as agents. The objection is not valid, because it will not be the interest of the company to make such a use of their capital or of their credit. And it will be seen that such an abuse is less probable, because there is no case known where any company, having a large incorporated capital, have become gamblers in stocks. Individuals connected with such companies have done so; but it is believed that no respectable corporation ever did. We are sure that this never will.

But, says another, I am opposed to credit—I prefer gold and silver to paper, and the avowed purpose of the Agency is to give greater value to credit. The answer to this objection is, that the purpose of the Agency is not so much to create or increase credit as to give greater value to existing credit, by protecting that which has value, and discriminating between that which has value and that which has not.

Does any one ask how it will be possible for one company, with so small a capital, to regulate the value of the credit of so many companies, having, in the aggregate, so large a capital? The answer is, that the ability of such an Agency to regulate the value

of the credit of any company does not depend so much upon the amount of its own capital as upon the estimate which the public may place upon their intelligence, their means of information, and their integrity. They may not have a capital of more than ten millions of dollars, and yet other capitalists having hundreds of millions of dollars to invest, may have so much confidence in their information, their intelligence, and integrity, as to ask their advice and be guided by their judgment in the purchase of American securities.

THE AGENCY SHOULD DEAL IN EXCHANGE.

By some it has been said, that inasmuch as the proposed Agency will be authorized to deal in exchange, foreign and domestic, it will have so much of the character of a bank that there will be cause to fear that it will inflate the currency. The answer to this is, that they are expressly forbidden to exercise any of the privileges of banking, or to issue their own notes to be used as bank notes, or as currency. Those who make this suggestion do not understand the difference between currency and bills of exchange. We refer such to the facts given in our quotations from M. Chevalier, and Mr. Colwell, showing that bills of exchange have become part of the improved machinery of commerce, and now supersede the use of the precious metals in the movement of commodities, and do not inflate the currency, because they are actual representatives of the commodities moved through their agency. Thus, say that the Fiscal Agency have placed railroad bonds or shares in London which have been sold for one million of dollars—upon notice of such sale they draw a bill of exchange for the amount, and receive in payment therefor one million of California gold, which would otherwise have been sent to London. Or, say that there is an extraordinary demand, and the Agency, by the sale of bills on London, prevent the export of specie, would this inflate the currency with bank notes or with paper money?

IT WILL AID OUR INDUSTRIAL INTERESTS.

Forcible as the preceding facts and arguments are in proving

the general value of the proposed Agency, there are others having special reference to this State and to this city, which should be conclusive with your Excellency : we refer to the industrial question, and the development of the mineral, manufacturing, and commercial resources of Pennsylvania.

If we place before us a map of the United States, and draw a line from Philadelphia to Puget's Sound, it will be seen that it will cross Lake Michigan some distance north of Chicago. It is understood that, by their connections with other railroad companies, the Pennsylvania Central Railroad Company can command the business of Chicago ; and it is further understood that the effect of the competition between steamboats on the lakes and railways on the land, has been that there is not now a single line of steamers competing with the railways. If we draw a second line from Philadelphia to San Francisco, it will pass near Harrisburg, Pittsburg, Columbus, Indianapolis, Springfield, St. Josephs, and Pike's Peak. If the railways from Chicago have superseded the steamers on the lakes, and the Central Pennsylvania Railway Company commands that trade, that Company may command the trade and travel on the second line. If we draw a third line, on the map of the world, from London to Australia, it will be found that it will pass near Boston, New York, Philadelphia, Baltimore, Washington, Lynchburg, Knoxville, and Baton Rouge, through Texas and Mexico to Mazatlan. This third line connects with both the former at Philadelphia, and, as we will see, is second in importance to them, only because without it there is a steamboat connection with the South and the Gulf of Mexico, which will continue for some time to compete with railways.

If, having drawn these three lines, marking, as they do, the three great lines of the trade and travel of this country, we mark, in like manner, the course of the Mississippi River, we will be better enabled to compare the extent of territory east with that west of this great river ; and by comparing the expenditures made, and to be made, on internal improvements in the territory east of the Mississippi, with what will be required for the development of the territory west of the Mississippi, an imperfect estimate may be made of the amount of the credit that will be required for the improvements yet to be made, and to give employment to our labor,

and move the products of our industry, when our population will have reached one hundred millions, as it will do in a brief space of time. Has Pennsylvania no interest in the present, or in the future thus brought before you? From whence can the iron and the machinery, wanted for these improvements, be obtained on better terms than from Pennsylvania? From whence can the manufactures and the tropical products, the demand for which, in the great West, will increase with our increasing progress and population, be more profitably supplied than from Philadelphia? The value and force of these inquiries will appear as we proceed.

WHAT REGULATES THE POLICY OF EUROPEAN GOVERNMENTS.

In the debate on the British corn laws in the House of Lords, in 1842, the Duke of Wellington said :—

“I am sure that no man laments more than I do, that commerce and manufactures should be at all depressed; but I believe, if the corn laws were repealed to-morrow, *not a yard of cloth or a pound of iron more would be sold in any part of Europe, or of the world, over which this country [England] does not exercise a control.* My lords, the greatest number of European nations, and of the nations of the globe, have adopted measures for the encouragement of home manufactures. These measures were not, as stated by some, taken in consequence of the English corn laws. They are attributable to the example of this country. They had their rise in the spectacle which this country exhibited during the late war, and in the great and noble exertions by which her power and strength were displayed on every occasion. Those who contemplated these exertions, as well as those who were relieved and assisted by them, thought they might as well follow the example of our power, of our industry, and our system of commerce. They have followed our example, and have established amongst themselves manufactures, and given a stimulus to their commerce.”

And Lord Palmerston, in the debate on the state of the country, in July, 1842, after admitting that all the continental powers of Europe had become the competitors of England, said :—

“It is, therefore, to more distant regions that I look for future prosperity. We must look to the rising nation that inhabits the North American continent. There we are met by our corn laws; and until we alter our corn laws, we will be crippled and confined in our commercial intercourse. We

must look also to the South American nations. There again we are met by heavy duties upon sugar, and until we modify these duties, we cannot expect to carry on our commerce with South America to the extent to which it is possible. *We must look again to AFRICA, and we must look especially to INDIA and CHINA.*"

Here is the key which unlocks British policy, and explains the complicated movements of the European governments.

The census of 1831 showed that no part of the increased population of Great Britain of the preceding ten years was employed in agriculture. The population in 1821 was 14,161,839; in 1841 it was 18,664,761. Here was a population of more than four and a half millions to be provided for. In vain was an appeal to the soil. That could not feed or clothe them, for its numbers were full. There was a large surplus of manufacturers previous to 1821; the number employed in agriculture was not increased; it follows that there was but little increased home consumption, and as the surplus population could not find employment in agriculture, they were driven to manufactures, because those engaged in commerce could not find employment but by an increase of manufactures. By some it was urged that there was an over production by improved machinery; but those who used this argument overlooked the fact that the competition was between British and foreign machinery, and that England was compelled to use machinery if she would compete for the markets of the world. The question was not how she should manufacture, but where could she find a market. With a population of twenty millions, she had in her machinery a manufacturing capacity equal to the labor of 600,000,000 of men; a capacity greater, much greater, than the labor of all the rest of the world without the use of machinery. Where was she to get a market for the product of this machinery? To use the words of the Duke of Wellington, the other European nations had become her competitors, and she could not sell a pound of iron nor a yard of cloth more in any countries over which she did not exercise a control; and, as advised by Lord Palmerston, "*she looked to Africa, and to India, and to China.*"

WHY ENGLAND EMANCIPATED HER WEST INDIA SLAVES.

By the 16th article of the treaty of Utrecht, England, in 1713, confirmed the contract between the English Guinea Company and the King of Spain, whereby that company gave to the Spanish king 200,000 crowns, and to the Spanish king and to the King of England each one-quarter share of the profits of their trade, for the privilege of importing slaves into the Spanish dominions in America. In 1817, England gave to Spain £400,000 (\$2,000,000) to abolish the slave trade! Why so great a change in the policy of England? Prof. Her Detrich, of the University of Berlin, estimates the population of the world to be twelve hundred and eighty-three millions, as follows: Europe, 272,000,000; Asia, 720,000,000; America, 200,000,000; Africa, 89,000,000; Australia, 2,000,000.

In 1833, she found that 200,000 whites and 800,000 blacks in the West Indies had a monopoly of the supply of tropical products. She had exhausted the accumulated treasure of the East Indies, and could no longer receive the cheap manufactures of India, because the invention of the power-loom and the spinning jenny enabled her machinery to produce cotton goods cheaper than they could be made by the cheap labor of India without machinery. She compared the one million in the West Indies with the 720,000,000 of Asia, and the 89,000,000 of Africa, and she emancipated her West India slaves, and abolished the discriminating duty favoring West India produce, and opened the East Indies to British commerce. She gave to the West India planters one hundred millions of dollars. Was it as indemnity for the emancipated slaves? or was it not rather because, having a control over the trade of India, she was enabled, by the repeal of the discriminating duty on tropical products, to exchange her manufactures for the agricultural products of India, and by the sale of these products to levy tribute on those European nations who, having no tropical colonies, were compelled to purchase of her? Was it not because she prefers the market of 800,000,000 of consumers in Asia and Africa, to a market of one million only in the West Indies?

If there be any who doubt her motives or policy, they have read

with but little profit the account of the wars with Russia in the Crimea, and with Persia, India, and China.

HOW THE UNION OF FRANCE AND RUSSIA AGAINST ENGLAND WILL BENEFIT US.

Do you ask why we refer to these facts as part of this argument? we reply that they are introduced because the measures and policy of England are regulated by her interests, and because current events in Europe show that, having united with England to protect her East India possessions by closing the Dardanelles to Russia, and by that means having gained the prestige indispensable to his plans, the Emperor of France has manifestly come to an understanding with Russia, that whilst Russia, having seized upon the Amoor and the north of China, will compete with England for the control and commerce of India and China, France, having strengthened her position on the Mediterranean, will absorb Morocco, and compete with England for the trade of Central Africa; and because under these circumstances it will become the interest and policy of England to strengthen her position as a great power, by promoting the most friendly relations with this country. Under such circumstances the proposed Agency will be a valuable part of the machinery of our commerce with England, aiding the exchanges between this country and Europe, and counteracting the causes which heretofore produced monetary revulsions, by the depreciation of our credit and the export of our specie. The history of these revulsions, and of the causes which produced them, will illustrate the truth of this statement.

OF THE CAUSE OF MONETARY REVULSIONS.

Ours has ever been a part, and the weaker part of the British financial system; hence we were made to sympathize with every derangement of their currency, whether caused by wars, speculation, or an extraordinary demand for bread. The Bank of England is the agency which regulates the exchanges and prevents an export of specie. The notes of the Bank are made a legal tender,

and constitute the chief currency. If at any time the bullion in the bank indicates that there is an unfavorable state of the exchanges, the bank puts up the rate of interest, curtails her discounts, or else by the sale of exchequer bills calls in so large an amount of bank notes as to create a pressure for money.

The principle of commerce is an exchange of the surplus products of labor, and when we purchase British goods, it is on the presumption that England will take the products of our industry in payment. If, under the pressure created by the bank, any British merchant or manufacturer, being compelled to realize, were to sell his merchandise at auction in that market, the effect would be to injure his credit, and probably to depreciate the price of the goods thus sacrificed. Instead of making such sales in that market, the owner would, therefore, make an invoice, upon which a British banker would make an advance, say of fifty per cent., with the understanding that the goods were to be sent to an agent in New York, to be sold, and the proceeds remitted in specie. This was the process by which the gold, or a large part of it, which was given by England to France in exchange for the silver, which she sent to India and China to pay the expense of her late wars, was taken from us.

OF THE EXPORT OF SILVER FROM FRANCE, AND THE CAUSE.

The effect of the increased supply of the precious metals, after the discovery of America, was to reduce the price of silver as 6 to 1, and of gold as 4 to 1. The money unit of England was gold; of France and the United States it was silver. The able financiers who regulate the currency of England apprehensive of the effect of the increased supply of gold, after the opening of the mines of California, induced France and the United States both, to so regulate the value of gold, as to substitute it for silver. The consequence was, that although from the year 8 to 1848, there had been coined in France \$778,200,000, or an annual average of \$16,213,000 of silver; during the eight years ending 31st December, 1857, the coinage was but \$8,091,400 per annum, and from January, 1852, to January, 1858, the excess of exports of silver

over the imports was \$225,400,000; and although the coinage of gold for the year 1857 alone was \$114,512,245, the Bank of France was compelled, between the 1st of July, 1855, and the 1st of January, 1858, to purchase \$272,600,000 of gold. And what is more extraordinary is, that in the face of the fact that the value, as compared with silver, was diminished, the Bank of France was compelled to pay as premium, for the gold thus purchased, the sum of \$2,800,000. The solution of the monetary crisis of 1859 is therefore easy.

The official returns of the Peninsular and Oriental Steam Navigation Company show that that Company alone carried from England to Asia,

In 1856, chiefly in silver,	.	.	.	.	.	\$60,594,725
In 1857, chiefly in silver,	.	.	.	.	.	93,977,160
						<hr/>
Making in two years,	.	.	.	.	.	\$154,591,885

Now the official publications of the Commercial Delegates who accompanied the French Embassy to China shows, that in 1842 China imported \$1,100,000 of silver, and exported \$12,000,000, and that in 1845 the commerce in opium had caused an exportation of silver from China of \$21,560,000; why, in the face of this fact, did England in two years, 1856 and 1857, send to Asia by one company \$154,591,885? Why did France export, in six years, \$225,400,000 of silver? and why did the Bank of France pay a premium of \$2,800,000 on \$272,000,000 of gold? and whence did England get the gold which she sold to France in exchange for her silver? Our Custom House returns show that our export of silver and gold during seven years ending 1st of July, 1857, was upwards of \$320,000,000. England obtained from France the silver to maintain the war in India, she took from us the gold to pay for it. This explains the crisis of 1857; that of 1837 is as easy of solution.

OF THE CRISIS OF 1837 AND THE BANK OF THE UNITED STATES.

The payment of the public debt in 1832 left a large surplus of public money in the Bank of the United States. Having resolved

to exert his whole power and influence to promote the election of Mr. Van Buren as his successor, and being apprehensive that the influence of the bank would be exerted against him, Gen. Jackson not only vetoed the renewal of its charter, but caused the public deposits to be transferred to selected State banks. In this extremity, the bank obtained a charter from the State of Pennsylvania. Apprehensive that the bank would curtail its discounts, and create a monetary pressure, and thus render the transfer of the deposits unpopular, and defeat his purpose of electing Mr. Van Buren, Gen. Jackson required the State banks to discount freely. The consequence was that the bank discounts which, in 1830, were \$200,451,214, rose, in 1837, to \$525,115,702,—and the number of banks, which, in 1830, were 330, was increased in 1840 to 722, and the bank circulation, which, in 1830, was \$61,323,898, was, in 1837, \$149,185,890. The effect of this use of the public deposits was, that, although the average annual sales of the public lands, for ten years preceding his first election, was less than 800,000 acres, the sales in 1834 were 12,564,478 acres, and in 1835, 20,074,870. Instead of curtailing their discounts, and producing a panic, the Bank of the United States availed themselves of this inflation of the currency to sell out their branches, which were paid for chiefly in the notes of the deposit banks. And instead of calling upon those banks for payment in specie, which would have caused a suspension of specie payments, the Bank of the United States purchased a large amount of State bonds, and made large advances upon cotton and other American produce, which was sent to Biddle and Umphreys, at Liverpool, the purpose being, by the sale of this produce and the sale of the State bonds to reinstate their capital. Accordingly Mr. Jaudon, who had been the cashier of the bank, was sent to London for the avowed purpose of establishing a market there for the sale of American securities. When he left Philadelphia, Pennsylvania and Maryland sixes were worth \$116. When he reached London, he could not sell them at any price; and Mr. Biddle as the agent of the bank, having drawn on their European correspondents, for about \$5,000,000 to enable the merchants of New York, who had lost by the great fire, to pay their European creditors, relying upon the sale of the State bonds and American produce to provide for the

payment, Mr. Jaudon was compelled to hypothecate at \$95 the securities which had been worth \$116, to save the bank from protest; and still unable to sell, this hypothecation was from time to time renewed by the payment of an instalment of 15 per cent., until the whole cash resources of the bank were exhausted, when the hypothecated bonds were sold at auction at nominal prices, leaving a large deficit, which was made good by a transfer of other securities at a rate so low, that, in 1842, the increased value of the securities thus obtained was \$2,500,000.

Why was Mr. Jaudon unable to sell these bonds? Congress seeing that the public money in the deposit banks had been used to speculate in the public lands, passed an act transferring the deposits to the treasuries of the several States. Apprehensive that this transfer would create a pressure upon the deposit banks, Gen. Jackson issued his specie circular, which created an extraordinary demand for the precious metals in the United States. It so happened that there had been two successive bad crops in England, and an extraordinary demand for specie for the purchase of foreign wheat. The States had just entered upon a system of internal improvements, and it was seen that if Mr. Jaudon was permitted to establish a market for the sale of American State bonds, bearing an interest of 6 per cent., in competition with European 3 per cents., the holders of 3 per cents. would sell out and purchase the 6 per cents. It was also seen that Mr. Biddle, through the agency of State bonds, could soon transfer a large amount of the European public debt to the United States. It became then a matter of necessity, and the capitalists of Europe were compelled to unite in crushing the Bank of the United States, to defeat an agency so hostile to their interests. The purpose was not only to destroy the bank, and thereby defeat its influence, in maintaining the value of American credit in the European market, but to substitute a British influence in regulating the currency of the United States, and thereby regulating the value of our credit here and elsewhere. So much for the crisis of 1837. We now proceed to explain that of 1820 and '21.

OF THE CRISIS OF 1820-21.

The Bank of England suspended specie payments in February,

1797, and did not fully resume before 1825. During the war of 1812, our banks in the Middle and Western States were likewise compelled to suspend, and our government was compelled to use the notes of the suspended banks to prosecute the war. The peace was made in 1815, and during the next year Congress chartered the Bank of the United States to aid in the process of resuming specie payments. Sir Robert Peel's bill requiring the Bank of England to resume in 1825, was passed 1819. The process of resumption in England was gradual, with us it was precipitate. The large sums received in payment for public lands and for duties were deposited in the Bank of the United States, and by that bank converted into specie, to be remitted through the agency of our commerce to accumulate in the Bank of England until the sum in that Bank, preparatory to resumption in 1825, was upwards of \$75,000,000; and yet such was the effect of an extraordinary demand for specie, that the bank was saved from suspension by the accidental discovery of a quantity of one pound notes, which were distributed to the country bankers and stopped the run for specie.

We appeal to the recollection of your Excellency and to the history of the past for the accuracy of these details; and we ask if it be possible to illustrate more forcibly the utter want of wisdom and foresight which has exposed the welfare and prosperity of the people of the United States to the heavy, cruel, and overwhelming losses which have been the consequences of the want of some competent means of so regulating the exchanges, between this country and England, as to prevent the excessive export of our specie?

THE PRACTICAL OPERATION OF THE AGENCY

Will be as follows: It is known that the bonds of a company whose road is unfinished cannot be advantageously sold, and that for want of cash funds high prices are given to contractors, who will receive bonds in part payment—under such circumstances there is always delay in the progress of the work, and cause to fear that the contractor may be driven to hypothecate the bonds. The company, in that case, will lose by the increased price paid for the work, as well as by the delay in its progress, and run great risk that the contractor, unable to carry the weight he has assumed,

will be forced to sacrifice the hypothecated bonds and permanently injure the credit of the company. It will be the purpose and business of the Agency to establish a credit in Europe, and as the rate of interest will rule lower there than here, to avail themselves of that credit to borrow for such railroad company, the sums requisite to complete and equip so much of their railway as will enable them to provide a fund to pay the current interest, when their bonds can be sold at better prices.

In that case the railway company, having cash funds, can save from fifteen to twenty per cent. in the cost of construction; they can employ sufficient force to finish their road in the least possible time, and thus make the sum expended available—and by preventing a premature or forced sale of their bonds, be enabled to get a fair price when they do sell. In that case the Agency will hold the bonds and property of the railway company to cover all risk, and the European capitalist, knowing this, will advance the requisite funds on the most favorable terms.

The Agency will aid to develop the resources of this State in this wise: the main lines of railways and canals are capable of greatly increased service. The State abounds with lumber, coal, and iron ores. There are many places where a comparatively small outlay of capital in railways, and in opening mines and establishing manufactories of iron and machinery, would not only be a safe investment, but greatly increase the value of the existing lines, and multiply the wealth and prosperity of the State. Why are these investments not made? Is it not because there is no responsible agency to aid in obtaining the funds, by a proper investigation of the value of the property, and which, having done this, will take charge, as trustee of the property to be held as security for the payment of the funds to be advanced? In this way, it will aid to build short railways, to open mines, and advance capital to establish and carry on iron works.

ITS OPERATION IN CASE OF A PANIC

Will be most salutary. Its business will be to place our railway shares and bonds on the foreign market, and to draw bills of exchange for the proceeds. These bills will be sold to persons who

would otherwise remit specie; and thus, by preventing the export of specie, it will aid in maintaining credit and confidence. In case of pressure for money, those securities which are least liable to depreciation, will be put on the market; and as the Agency will have a credit at home as well as abroad, parties wishing to raise money on American securities will place them with the Agency, which will avail itself of its foreign credit to draw bills of exchange, and remit the securities to meet the payment. Their credit and interest will be protected by the European agencies. The extent to which such operations can be made will be regulated by a proper regard to the credit and resources of the company. But it is apparent that, as our securities have now become a commodity, negotiable in London, and can be easily remitted so as to create a fund on which bills of exchange may be drawn, arrangements may be made through its European agencies, which will enable such a company to greatly aid in breaking the force of a panic, by remitting securities and by a proper use of its own credit.

EUROPEANS WILL AVAIL THEMSELVES OF THE AGENCY.

We have seen that the effect of the increase of gold will be to lessen the value of fixed incomes, and no one can doubt that there will be many persons in Europe who will prefer to place part of their resources beyond the contingency of the present disturbed state of that country. Where can such funds be so advantageously invested as in our securities? If the increased quantity of gold diminishes the value of fixed incomes in Europe, it will increase the value of our railway shares and especially of the shares of companies having large grants of land. Many of our companies have such grants, and the State of Texas has about one hundred and thirty millions of acres of unappropriated lands. She has given, by a general law, upwards of ten thousand acres per mile of railroad. It is admitted that money properly expended on a well-located railway, adds from five to ten times the cost of the road to the value of the property. The people of Texas own the land and they own the property, the value of which is to be increased by these expenditures—say that they give one hundred millions of acres of land worth one hundred millions of dollars, and get ten

thousand miles of railroad which cost two hundred millions of dollars, and these roads have added five times their cost to the value of their property. Is it not obvious that Texas will be as much benefited as if she had sold her lands for ten dollars per acre?

But why multiply words? Late advices from England say, that the shares of their railway companies have become a favorite investment. Great as is their cost compared with the cost of our roads, they are paying good dividends and are increasing in value. Who can doubt that under proper guarantees the shares of our companies will also be in demand?

THE AGENCY IS NOT A VISIONARY PROJECT.

The undersigned is aware that by some it is said that the proposed Agency is visionary and impracticable; and that the end to be accomplished is so great, that the means are not sufficient. We reply, that ample means can be obtained; that the means consist in the European capital which, if we can inspire the requisite confidence, will seek investment in this country, and that it will be the purpose of the Agency to enlist in its services, here and in Europe, persons who will command that confidence. In this connection the undersigned ventures to say, that he was nearly two years in Europe, at a time when our credit was most depressed. That he then became acquainted with persons largely interested as creditors of the American States—that even at that time he vindicated our character, and pledged himself for the payment of the debts of the States. That acting on his advice, a system was then inaugurated which resulted in the restoration of our credit, and the advance of large sums in aid of our public works; that he published in the London Chronicle, and in the Times a series of letters, giving details as to the character and resources of this country, charging directly upon the capitalists of England, that the failure of the States to pay the interest upon their bonds was attributable to the measures and policy of the Bank of England, and the unwise combination formed in London to coerce the Federal Government to assume the State debts. That these letters were the means of introducing him favorably to the members of the British Cabinet, and to many of the leading statesmen and bankers of

England, who did him the honor to consult him in relation to the means of payment of our State debts. That at one time there was a purpose to raise a fund to be sent to this country to be expended in aid of the election of members of Congress pledged to advocate the assumption of State debts—that he advised, that instead of sending money to interfere in our elections, they should send money to aid in the completion of the Indiana and Illinois canals; and in furtherance of this advice, prepared and published letters, from which extracts are given below.

They acted on his advice. The result is seen in the railways and public works of Ohio, Indiana, Illinois, Missouri, and in all the States; and in the fact that the bonds of the State of Illinois, which were then worth only 16 per cent., and are now worth 106. Look upon the map of the United States—compare their condition and credit now with what it was then—ask yourself how has this change been effected, and realize, if you can, the influence which such an Agency as is proposed, can exert in aid of the further progress and welfare of this great country. We conclude this personal statement by referring your Excellency to the extracts from the letters published in London, in 1842, for proof that the writer had even then studied the means of restoring and maintaining our credit, and to show that he has, for so long a period, devoted his time and talents to that object. Having reached the point where, after so many years of self-denying perseverance, all that is wanting to the consummation of his hopes is your signature, to a bill which has received an almost unanimous sanction of the Legislature, after a most careful and studied investigation, he cannot believe that you will, or that you can, by the arbitrary exercise of your power, veto the charter, and defeat or delay the organization of the company. Can you, will you defeat so proper a measure, so long and so perseveringly pursued? We do not believe you will. We refer you to the extracts as follows:—

EXTRACTS FROM LETTERS WRITTEN BY DUFF GREEN, IN
VINDICATION OF AMERICAN CREDIT,

And published in London, in 1842.

From Letter VIII.—"There is a fashion in morals, politics, and finance

which changes with the whim or caprice of the reigning influence. It is now understood that America and American credit are under the ban of the bank parlor; and denunciation of the American character, and a virtuous indignation at American dishonesty, is the fashion of the moment. * * * * Who does not see that a reaction must take place, and that causes are at work which may bring ruin in their train? The war upon American credit has gone so far, that the people are beginning to ask themselves why it is that a United States six per cent. stock is not worth as much as British three per cent. consols? Why is it that bankers and merchants, who most feel the want of credit themselves, are loudest in denouncing America? Why is it that an American finds abuse of the credit and institutions of his own country the best passport to the confidence of the British capitalist? The answer is, that the bank parlor has set the fashion, and made it the interest of others to follow the example. * * * * I am aware that an apology for all that has been said against America may be found in the language of certain Americans. Indeed, while I have felt grieved at the opinions and language of Englishmen, I have felt indignant at the weakness and folly, to call it by no harsher name, of persons calling themselves Americans. Who does not know that it is doing England the greatest injustice to estimate her people, her venerated institutions, or her distinguished statesmen by the calumnies of some of her newspapers? No one who is well read in the workings of the human heart, can respect another who is false to the duty he owes to his own country. It is a sure proof of weakness or depravity; and the fact that in the midst of so much calumny and detraction, there are Englishmen in England who, proof against the fashion, and the evil examples which have seduced the weak and the ignorant, and encouraged the vicious, are not ashamed to own our relationship, nor to defend our national character, encourages me to hope that the time is near at hand when the fashion will change, and that he who now contributes to a restoration of mutual confidence will be esteemed by the great and the good of both countries as a public benefactor."

Extract from Letter XX.—"The last advices from the United States are, that the dividends falling due by Pennsylvania, Maryland, Indiana, Michigan, Illinois, Arkansas, and Mississippi, will not be paid. It requires no little fortitude, in the face of this fact, to appear before the British public as the advocate of American credit. Yet I do not hesitate to say, that I believe that each and all of the American States will pay to the uttermost farthing all that they owe, principal and interest,—that it is a question of time and manner, and not of payment. No people have given higher proofs of personal or national integrity; and apart from this consideration, the bearing of which must be admitted, the great body of the American people are too well aware of the value of credit, and so much interested in protecting it, that they cannot afford to be dishonest. It is their interest to pay what they owe, and they will do so.

"The State debts were contracted under a belief that a sufficient sum could be borrowed to complete the public works on which the money was expended, and that, when completed, the revenue derived therefrom would pay principal and interest. The credit was suddenly arrested, the public works in some cases are unfinished, and therefore unproductive; and the question now is, how are the means of payment to be provided? Several modes have been suggested, and the difficulty has been in agreeing upon the manner of payment. One party urged immediate taxation, as being the most equal, honest, and efficient. In some of the States this has been done; in others, it has been delayed, because there has been so great a derangement of the local currency, as to render the collection of taxes in available funds almost impossible. Hence, some of the States with no less anxiety to maintain their credit, have been induced to prefer expedients, the failure and the causes of which it is important to explain.

"The struggle for place and patronage is common to all governments. Its influence is felt in England, France, and Russia, as well as in the United States. In the latter, as the people are the source of power, aspirants adopt their measures in reference to what they believe the bearing of particular interests or current questions may be on public opinion.

"It is not surprising that, in the peculiar condition of the States, a powerful party should have arisen, who, at the same time that they affect to be the especial guardians of the public credit, have proposed schemes to relieve the people of the indebted States from taxation. One of these was the assumption of the State debts by the Federal Government; another was the distribution of the proceeds of the public lands. Both had the merit of preventing the necessity of direct taxation, and both promised an early accomplishment of the purpose intended. Is it surprising that the people hesitated to tax themselves, when they were induced to believe that ample provision would be made to protect their credit before they could themselves accomplish it by taxation?

"The proposition to assume the State debts was soon disposed of. Those with whom it originated had a much better knowledge of the stock exchange than of the questions and interests which control the legislation of Congress. The distribution of the proceeds of the public lands has become so much connected with political discussions, and has so direct a bearing on state credit, that we propose to examine it in detail.

"The assumption of the State debts by the Federal Government is opposed on the ground that that government was constituted for a limited and defined purpose, and has no authority to assume them. This is generally conceded, and the question may be considered as settled.

"The distribution of the proceeds of the public lands is advocated on the ground that they are the property of the States, held in trust for their use and benefit. It is opposed on the ground that those, which were within the limits of the original States, were the property of the States in which they were; that the right of such States was guaranteed by the Articles of

Confederation ; that they were afterwards conveyed to the United States, for the purpose of creating a common fund to pay the debts and protect the credit of the United States ; and that the proposed distribution would defeat the end of that conveyance, by converting a fund common to all the States and intended to be applied to the common use, into separate funds, to be applied by the several States to separate uses."

We added the following resolution passed by Congress, 10th October, 1780.

" That the unappropriated lands that may be ceded or relinquished to the United States by any particular State, pursuant to the recommendation of Congress of the 6th September last, shall be disposed of for the common benefit of the United States."

This letter was considered conclusive, and after its publication the idea of sending money to be used in the election of members of Congress pledged to advocate the assumption of State debts, was, we believe, abandoned.

CONCLUSION.

We do not pretend that the Fiscal Agency will be competent to protect our exchanges under all possible contingencies. We believe that such a regulation of our foreign commerce as will prevent excessive imports of foreign merchandise is indispensable ; but we also believe, that the causes to which we have referred, acting with others of great force and influence, will create so great a demand for our railway and other securities as to enable such an Agency as is proposed to transfer to the United States so much European capital, and upon terms so favorable, as to encourage and stimulate our manufactures, and especially those of which iron and steel are part, and so increase the wealth and prosperity of this State and of this city as to enable Philadelphia to compete successfully for the commerce of the interior. We beg your Excellency to bear in mind the fact that it is not now as it was in 1837. Our securities have become as much a commodity in Europe as our cotton. Now they are given in exchange for bad iron, and giving employment to foreign labor. We propose to sell them for money, and thus give profitable employment to our own labor. The more civilized nations, who reside in the temperate zone of Europe and America, are the competitors for the markets of the less civilized nations who reside within the tropics. The competition is between those nations who

have capital and use machinery for the markets of those who do not use machinery. We ask you to realize the relative position of Philadelphia and those cities that are to compete with her for the supply of tropical products to the great West. We ask you to look upon the Susquehanna, and imagine, if you can, what would have been the effect, financial, social, and political, if, instead of selling her birthright for the empty pageant of federal patronage, Virginia had located the Bank of the United States at Norfolk, and instead of a diminutive canal, the improvement of the Susquehanna had been a slack water, by lock and dam, and a ship canal to the lakes? Would not Norfolk, instead of New York, have become the commercial depot of the United States, and would not Pennsylvania, in that case, have become indeed the keystone of the Federal Union? It is useless to grieve over the past except that we may profit by the lessons of experience. Mind and money govern the world. The details of the charter of the Fiscal Agency are the result of much labor and experience; the object to be accomplished commends itself to every American, who wishes the welfare and prosperity of this country; the strongest guarantee that the powers given in the charter will not be abused, is found in the fact that the legitimate purposes of the charter offer greater inducements, and are competent to employ all the capital, credit, and resources of the company. The undersigned has taken an active part in the movement of parties and of the government for so long a period that his term of future usefulness is nearly closed. In his long and active career, no man can truthfully charge him with a dishonorable act or an attempt to abuse the confidence of any public man for the promotion of his own private gain. It is under such circumstances that, after having carried this charter through both houses by an almost unanimous vote, without having done an act or said a word to any member of either house which any one could censure, he appeals to your Excellency to approve what the Legislature has done; adding, that if there be any doubt, the constitution has reserved to the Legislature authority to prevent any abuse or perversion of the powers granted, by a repeal or modification of the charter.

With respect,

DUFF GREEN.

PHILADELPHIA, 11th May, 1859.